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DATE: November 20, 1977

SUBJECT : CERP 0002, Relations with Communist Countries

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I. Political-Economic Relations

The military government of Argentina continues to maintain cautious but correct relations with Communist bloc countries, avoiding close political association but pragmatically choosing to expand favorable economic-commercial relations. Difficulties with the U.S. over human rights and military assistance and supply relationships have also led to a certain degree of Argentine military interest in Soviet arms promotion efforts here. (See b) Politically and ideologically, however, the ruling military remains staunchly opposed to Communism. The Argentine government's war on terrorism is still directed against "Marxist" subversives and it still defines as its mission the salvation of Western Christian democratic forms from attack by the international Marxist conspiracy. The government has refrained from direct confrontation with bloc countries because of favorable and lucrative trade relationships; but Argentine sensitivities and traditional suspicions remain high. The capture of Soviet and Bulgarian fishing boats within Argentina's 200 territorial sea in October precipitated an exchange of protest notes aroused considerable suspicion and press speculation about Communist intentions to violate Argentine sovereignty. Government security forces widely reported in September their capture of terrorist documents revealing financial assistance and collusion of three Embassies--implied to be Communist but described only as two European and one Asian embassy--with subversive organizations. (Embassy sources claim the three are the PRC and Albanian missions and probably the North Korean.) The Argentine military remains concerned about the Cuban-Soviet presence in Angola and southern Africa and sporadic rumors of efforts to form a Southern Atlantic defense pact against communist aggression surfaced in May and again in September of 1977.

Enclosure: Statistical Table of Argentine Foreign Trade with Bloc Countries

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by: POL:YThayer:clsv

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Locally, the government maintains careful surveillance of Communist diplomatic and trade mission personnel. Pressure within the military to reduce the size or close down the Cuban and North Korean embassies early in 1977 finally culminated in the ignominious departure of the entire North Korean mission in June, 1977, and subsequent rupture of diplomatic relations. During the Soviet Trade Fair in November, 1976, seven visiting Soviet technicians were ordered out of the country for "violations committed against Argentine regulations governing visitors from socialist countries," i.e. traveling outside federal capital limits. After diplomatic approaches from the Soviet mission, the technicians were permitted to remain in Buenos Aires for the duration of the fair. END CONFIDENTIAL.

BEGIN LIMITED OFFICIAL USE. None of these issues, however, has been permitted to interfere with the observance of normal and correct bilateral relations (except in the case of North Korea.) Economic and trade relations with bloc countries are expanding. After a slight decline in 1976, Argentine trade with bloc countries began increasing rapidly in 1977, as indicated in the attached table. Argentine exports to bloc countries increased 39 percent in the first five months of 1977 as compared to the same period the year before, and the balance of trade continues to be very much in Argentina's favor. Argentina's principle trading partner within the bloc, the USSR, purchased significant amounts of Argentine grains, meat oils and wine in exchange for sales of mainly industrial and hydroelectric machinery. Poland, Romania and Cuba are also important customers for Argentine primary products and manufactures.

The decision to expand trade relationships with the bloc countries was promoted by the Economic Ministry despite considerable sentiment within the conservative military government in favor of minimizing or even eliminating exchange with Eastern Europe. As its major arguments, the Economy Ministry pointed to the highly favorable balance of trade and the expanding Eastern European markets for Argentine exports, particularly of agricultural products. Once its pragmatic policy prevailed, the Economy Ministry was able to obtain long-delayed ratification of a number of trade, credit, sales and scientific and technical agreements signed in 1974 and 1975 with Poland, Romania and the Soviet Union. Subsequently an Argentine trade mission led by the subsecretary of foreign trade visited eight Eastern European countries: Poland, Romania, Hungary, East Germany, Czechoslovakia, Yugoslavia, Bulgaria and the Soviet Union. The purpose of the mission appears to have been to reassure Argentina's Eastern European trade partners of continuing Argentine trade interest and to promote Argentine exports. In Yugoslavia, two agreements were signed, one economic-technical and the other scientific.

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In the Soviet Union the Argentina mission committed the government to allow the Soviet Union to bid on the electro-mechanical equipment for Yacireta-Apipe and Corpus hydroelectric power projects. END CONFIDENTIAL.

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An agreement was signed on February 2, 1977 with the People's Republic of China granting mutual most favored nation treatment and establishing a mixed commercial commission. Although trade with China remains minimal, PRC is viewed as a potential major market. Economy Minister Martinez de Hoz scheduled a trip to China in October, 1977 (which was later postponed due to domestic economic troubles).

Trade problems with Cuba stemming from Cuba's financial difficulties and delay in accepting delivery of previously ordered Argentine manufactured goods appear to have sorted themselves out. Following the visit to Cuba of a high-level trade delegation, Argentina agreed to extend the grace period for down payments on the remaining contracts. Subsequently the suspended shipments of Argentine exports to Cuba were resumed and deliveries continue to be made on schedule.

Economic Assistance

There are no economic assistance agreements between Argentina and Communist countries. An unknown but small number of Soviet technicians is working in Argentina on service contracts connected to the delivery of commercial purchased Soviet hydroelectric equipment. END LIMITED OFFICIAL USE.

BEGIN CONFIDENTIAL.Military Assistance

There are no military assistance agreements, no Communist military assistance personnel and no purchases of Soviet or other Communist military equipment. However, although the Argentine military remains ideologically opposed to arms trade relationships with bloc countries, its current difficulties with access to U.S. military equipment and spare parts has prompted aggressive promotion efforts by Soviet mission personnel in Argentina and apparently sparked potential interest within some sectors of the military government. Argentina sent an Army Attache to Moscow early in 1977 and the Argentine Army Chief of Staff reportedly looked into Soviet weapons arrangements with Peru on a visit to that country in 1977.

II. Local Communist Party

The size of the Argentina Communist Party (PCA) probably remains about the same as in recent years. The official figure claimed by the PCA is about 150,000, but the Embassy believes the actual number is significantly lower. The Party continues to be pro-Soviet and non-violent in orientation. Reportedly there is a faction of younger members who are sympathetic to Eurocommunism. Despite considerable military discomfort with the presence of a legal Communist Party in the country, the PCA has not been prohibited by the government. Its activities remain suspended as is the case with all

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other political parties. PCA members, however, have increasingly become the targets of abductions and harassment by Security Forces and the Party has subsequently moved further into clandestine status. In early 1977, all PCA Central Committee members were ordered to change their residences as a security measure and unidentified members were instructed not to reveal publicly affiliation. The primary objectives of the PCA are to increase penetration into trade unions and the labor movement in factories and to participate in a united front of political parties pressing the government to hold elections. At present it is cautious not to do anything to jeopardize its legal status and its overall strength and influence within the labor sector remains minimal. The PCA has attempted to protect its members from human rights abuses, using as its front the Argentine League for the Rights of Man to provide legal assistance. ~~END CONFIDENTIAL~~

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III. Diplomatic (E), Consular (C) and Trade Missions (T) Relationships with Communist Countries

Countries

Cuba	E, C, T
USSR	E, C, T
Czechoslovakia	E, C, T
Romania	E, C, T
Bulgaria	E, C, T
East Germany	E, C, T
Hungary	E, C, T
Poland	E, C, T
Yugoslavia	E, C, T
China (PR)	E, C, T
Albania	E
Vietnam	Relations but no representatives exchanged

IV-A. Cultural and Educational Exchange

Soviet Union

Argentina and the Soviet Union ratified in July, 1977 the terms of their 1974 Scientific and Technical Cooperation Agreement. No substantial programs were carried out under the terms of this agreement in 1977.

A delegation of high level officials of the Soviet Ministry of Culture visited Argentina during March, 1977. The group included Ivan Badiul, Director of the Latin American Division of the Department of Foreign Relations, and Vladimir Kolodonin, artistic director of GOSCONCERT. The purpose of their visit, as reported by the press, was "to explore with the Argentine authorities the possibility of expanding our cultural exchange programs to include more performing artists, films, exhibits and publications." Under the terms of the 1975 Cultural Cooperation Agreement, the Igor Moisseiev Academic Folk Dance Company, with 127 dancers, gave six performances at the Colon theater and four at Luna Park. For the second consecutive year, choreographer Alexandro Plisetski of the Bolshoi taught at the Colon theater's dance school.

The Soviet Binational Center, SARCU, has its office in the luxurious building which formerly housed the Bulgarian Embassy, on Anasagasti 2009. The center is used for Russian language courses and exhibits, lectures and film and slide showings on Russian life and culture. Occasionally it is used for receptions for visiting delegations, although most social events are held at the Soviet Embassy.

We have no information on activities undertaken by either the Soviet Embassy of SARCUC with university students during 1977, although it is presumed to be very limited. The number of Argentines studying or working in the USSR is unknown, but is believed to be very small. Unsponsored visitors to the Soviet Union typically travel first to Europe and arrange visas to the Soviet Union from there.

EASTERN EUROPEAN COUNTRIES

No activity.

CUBA

No activity.

ASIAN COMMUNIST COUNTRIES

No activity.

IV. B - Information and Cultural Activities other than Exchanges

Soviet Union

Soviet artists in Argentina under commercial auspices included: pianists Alexander Slobodianik, Vladimir Krainev and Vladimir Bakk.

The Soviet Binational Center, SARCUC, sponsored an illustrated lecture on Soviet opera singer Fedor Chaliapin at the SARCUC headquarters on October 13, 1977. The lecturer, orchestra conductor Jascha Galperin, and the singer, bass Juan Carlos Ortiz, are members of the Colon theater's opera company.

The Rector of the University of Buenos Aires, Dr. Luis Carlos Cabral, rejected the application for recognition of a M.D. degree submitted by Ms. Ramona Esther Benitez, a graduate of the Patrick Lumumba Free People's University in Moscow. This decision was officially announced on July 7, 1977.

The Soviet Trade Fair, held in Buenos Aires during October 27 - November 27, 1976, included a section with books, pamphlets and films (all in Spanish), an exhibits on cultural and scientific subjects. Specialized personnel explained in fluent Spanish the different aspects of these exhibits. On November 12, 1976, the Armenian National Council in Buenos Aires published a paid advertisement in La Nacion requesting that GOA consider the "subversive nature" of this Fair, as "political propaganda is the main objective of this event, and it is achieved through slide and film showings, and abundant communist printed literature." Soviet Under-Secretary of Foreign Trade Alexei Manzhule and the Director of the Soviet Chamber of Commerce and Industry, Vladimir Pavlov, attended the inaugural ceremony. Both officials, together with the Soviet Ambassador in Buenos Aires, Semion Petrovich Diukarev, met with the Argentine Foreign Minister on November 4, in order to discuss the situation of seven Soviet technicians attached to the Fair who were ordered to leave the country for violating Argentine regulations on

travel of visitors from socialist countries. These technicians were allowed to remain in Buenos Aires for the duration of the Fair.

The United Nations' Organization for Industrial Development announced the availability of scholarships for specialists in industrial information to attend courses, in Spanish, in Moscow during March 22-June 1, 1977. An unspecified number of Argentine engineers participated in this program. The Jose Maria Aragon Foundation gave ample publicity to these scholarships. (This foundation is controlled by ACINDAR industrial company and is totally apolitical).

The Soviet soccer team spent one week in Buenos Aires during November, 1976, and played against the Argentine soccer team. Their visit and the game received ample and very positive publicity. The sixteen players, the president of the Soviet Soccer Federation, Mikhail Ispirian, and two coaches were interviewed on radio and television and received a great deal of publicity in newspapers and magazines. Tickets for this game were sold out several days before it took place. This was the first Soviet team to visit Argentina.

The "Week of Soviet Films" took place at the Metropolitan theater in Buenos Aires during September 15-21, 1977. The director of SOVEXPORTFILMS, Alexei Rostorov and actresses Svetlana Toma and Elena Proklova attended this program featuring six previews and one rerun: "Gypsies Go to Heaven," starring Svetlana Toma, which was a box office sellout during June and July, 1977. A two-week program of "Soviet Classics" was shown at the Cosmos 70 during September 21-October 7, 1977.

Argentine actress Mercedes Carreras received the Soviet prize for the best actress in the Tenth Film Festival which took place in Moscow during July, 1977. The Argentine delegation included Mercedes Carreras, Juan Jose Camero, Enrique Carreras and producer Atilio Mentasti.

#### EASTERN EUROPEAN COUNTRIES

The Prague Mime Company, headed by Ladislav Fialka, gave thirteen performances at the San Martin Municipal theater during October 1-15, 1977.

The "Week of Czech Films" took place at the Plaza theater in Buenos Aires during October 4-11, 1977. The director of FILMEXPORT, Milan Lajciak, film-maker Oldrich Lipsky and actress Brigita Hausnerova attended this program, which was co-sponsored by ARTKINO pictures and the Argentine Association of Film Critics. Eight films were previewed. The week-long program of "Classics of Czech Cinematography" was shown at the Cosmos 70 during October 17-24, 1977.

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Polish conductor Stanislaw Wislocki conducted the Colon's Philharmonic Orchestra in April, 1977.

Romanian violinist Ion Voicu gave three concerts at the Coliseo theater in May, 1977, sponsored by Asociacion Wagneriana. END UNCLASSIFIED.

*Ramiro Castro*  
CASTRO

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COMMUNIST COUNTRIES

(In Thousands of US\$)

	1975	1976	% Change 1976/75	Jan.-May 1976	Jan.-May 1977	% Change Jan.-May 1977/76
<u>ARGENTINE</u>						
<u>EXPORTS</u>	2,961,343	3,916,258	32.2	1,347,031	2,350,000	74.1
Argentine Exports						
Communist Bloc	497,398	461,332	-7.3	253,068	351,249	38.1
Bulgaria	50	10	-80.0	0	33	-
Czechoslovakia	993	4,642	367.5	274	2,249	720.1
Democratic German Republic	8,524	11,926	39.9	4,344	6,114	40.7
Poland	1,881	12,390	558.7	5,830	18,981	225.6
Romania	2,985	3,361	12.6	400	553	38.3
Soviet Union	16,188	20,490	26.6	4,834	85,164	1,661.8
Yugoslavia	419	17,859	4,162.3	718	45,481	6,234.4
Communist China	288,314	219,118	-24.0	141,094	96,651	-31.5
	21,449	2,753	-87.2	249	30,770	12,257.4
North Korea	156,540	168,646	7.7	95,315	65,228	-31.6
North Vietnam	55	26	-52.3	10	1	-90.0
North Mongolia	0	-	-	0	23	-
	0	110	-	0	0	-
<u>ARGENTINE</u>						
<u>IMPORTS</u>	3,946,546	3,033,004	-23.1	1,045,164	1,421,000	36.0
Argentine Imports						
Communist Bloc	100,908	82,846	-17.9	27,908	36,176	29.6
Bulgaria	0	0	-	0	0	-
Czechoslovakia	403	416	3.2	164	6	-96.3
Democratic German Republic	8,035	4,760	-40.7	1,763	2,787	58.1
Poland	334	16	-95.2	2,261	19	-99.2
Romania	3,604	2,173	-39.7	851	786	-7.6
Soviet Union	31,569	33,628	6.5	9,226	18,956	105.5
Yugoslavia	34,166	28,806	-15.7	7,942	6,218	-21.7
Communist China	21,941	12,784	-41.7	5,436	7,282	33.9
	800	253	-68.4	265	121	-54.3
North Korea	56	10	-82.1	0	0	-
North Vietnam	0	0	-	0	0	-
North Mongolia	0	0	-	0	0	-
	0	0	-	0	0	-

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